

COMMONWEALTH OF KENTUCKY

RECEIVED

BEFORE THE PUBLIC SERVICE COMMISSION

FEB 17 2004

In the Matter of:

PUBLIC SERVICE
COMMISSION

APPLICATION OF KENTUCKY UTILITIES)
COMPANY FOR AN ADJUSTMENT OF THE) CASE NO. 2003-00434
ELECTRIC RATES, TERMS AND)
CONDITIONS)

**PETITION OF KENTUCKY UTILITIES COMPANY
FOR CONFIDENTIAL PROTECTION**

Kentucky Utilities Company (“KU”) petitions the Kentucky Public Service Commission (“Commission”) pursuant to 807 KAR 5:001, Section 7 to grant confidential protection to KU’s responses to various data requests of the Commission, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (“Attorney General”), and Kentucky Industrial Utility Customers, Inc. (“KIUC”). KU does not object to making the confidential information available to the Commission and its staff, and to the intervening parties in this proceeding, provided that each such intervenor representative and counsel that receives the confidential information executes an appropriate confidentiality agreement. These data requests and KU’s basis for requesting confidential protection are as follows:

The Commission Staff’s Second Data Request Item Nos. 1 (Referencing Item Nos. 54(c) and 55(c) of the Staff’s First Request for Information), 15(c)(7) and 16(e), and the Attorney General’s Initial Request for Information Item No. 61

1. The responses to these data requests concern the allocation of pension and postretirement benefit expenses to KU and LG&E Energy Corp. affiliate companies.
2. The responses contain information concerning pension and postretirement benefit information of nonregulated companies like Western Kentucky Energy (“WKE”) and LG&E

Power Inc. (“LPI”) that is generally recognized as confidential and is not publicly available. Neither WKE nor LPI are before the Commission in this proceeding and both conduct unregulated business in competitive markets. Competitors of WKE and LPI in the wholesale power market who are not required to publicly file this information could use this information to create an unfair commercial advantage for themselves and to the detriment of WKE and LPI. Thus, this information is subject to protection under KRS 61.878(1)(c).

The Commission Staff’s Second Data Request Item No. 15(b)(1)

3. Item No. 15(b)(1) requests “a detailed description of the problems experienced at the Green River station that led to the decision to retire Units 1 and 2, the actions taken to remedy those problems, and the reasoning for the decision to retire the units.” The information requested is explained in detail in an evaluation entitled *Phase II Evaluation of the Economic Viability of Green River Units 1 and 2*. The information contained in Appendices E and F of that evaluation are confidential and should be protected from public disclosure.

4. Under KRS 61.878(1)(c), commercial information, generally recognized as confidential, is protected if disclosure would cause competitive injury and permit competitors an unfair commercial advantage.

5. The information contained in Appendices E and F of the evaluation consists of certain cost-benefit analyses performed by KU that necessarily reveal the business model KU uses – the procedure it follows and the factors/inputs it considers – in evaluating the economic viability of generation-related projects. Public disclosure of such information would thus afford KU’s contractors, vendors, and competitors access to, *inter alia*, cost and operational parameters material to KU, as well as insight into KU’s contracting practices. Such access would necessarily impair KU’s ability to negotiate with prospective contractors and vendors, and would

likewise arm KU's competitors with information with which they could erode KU's competitive position in the wholesale market.

6. The information for which KU is seeking confidential treatment is generally recognized as confidential and proprietary information and is not widely disseminated among KU employees. Only personnel with a business reason to use this confidential information – senior management, managers, and those employees engaged in the preparation, assembly and analysis of this information, have access. Furthermore, this information is not filed with any other state or federal agency.

The Attorney General's Initial Request for Information Item No. 119

7. Item No. 119 requests copies of audit reports addressing KU's property accounting and/or depreciation practices. The internal audit reports deal with highly sensitive areas of the business. They contain information relating to costs, revenues, and business plans of the Company, which if disclosed would provide competitors with an unfair advantage. These reports are treated as confidential within LG&E Energy, and are not widely disseminated even among LG&E Energy's employees. Only personnel with a valid reason to access and use this confidential information – senior management, accounting personnel, and those employees directly involved in these areas, have access.

8. As a result, this information should be protected pursuant to KRS 61.878(1)(c). The Commission has previously afforded such reports confidential treatment. *See In the Matter of: Application of BellSouth Telecommunications, Inc. d/b/a South Central Bell Telephone Company to Modify its Method of Regulation, Case No. 94-121, Order (July 20, 1995).*

KIUC's First Set of Data Requests Item No. 7

9. In Item No. 7, KIUC requests an electronic copy of Seelye Exhibit 4, which includes all electronic spreadsheets with cell formulas intact. KU is providing a compact disk ("CD") which is responsive to this request.

10. The Commission should afford confidential protection to the information contained on the CD, because its disclosure would permit an unfair commercial advantage to competitors of The Prime Group, KU's consultant herein. Specifically, the CD contains a cost of service model prepared and owned by The Prime Group the details of which are confidential and proprietary to the Prime Group. The public availability of that information will place The Prime Group at a competitive disadvantage with those consultants which are not required to reveal such information publicly. The information on the CD contains, among other things, secret commercially valuable formulae which are used by The Prime Group in preparing cost of service studies. The Commission has granted confidential protection to this same information in other proceedings. *See In the Matter of: An Adjustment of the Gas Rates of Louisville Gas and Electric Company*, Case No. 2000-080. The information is, therefore, protected from public disclosure by KRS 61.878(1)(c).

KIUC's First Set of Data Requests Item No. 98

11. Item No. 98 requests information regarding KU's cash flow budgeting and management activities during the test year.

12. Under KRS 61.878(1)(c), commercial information, generally recognized as confidential, is protected if disclosure would cause competitive injury and permit competitors an unfair commercial advantage. This information constitutes such confidential information which must remain confidential if LG&E Energy is not to suffer competitive injury. By studying this

information, LG&E Energy's competitors would be able to ascertain information regarding LG&E Energy's confidential internal financial information and forecasts, LG&E Energy's assumptions regarding market and competitive conditions, LG&E Energy's strategic goals and competitive position, available resources, strategic goals and options, financial projections, and LG&E Energy's financial strengths and resources. Competitors would receive an unfair commercial advantage as a result of this disclosure and be able to anticipate and counter LG&E Energy's competitive strategies, market positioning, and gain the benefit of LG&E Energy's internal analysis of market projections and conditions. This would result in severe and irreparable harm to LG&E Energy and its customers.

KIUC's First Set of Data Requests Item No. 110(b)

13. Item No. 110(b) requests a detailed schedule showing the amount of revenue and the billing determinants used to produce the revenue in the test year, by customer. KU is providing all of the requested information with the names of the customers redacted.

14. KRS 61.878(1)(a) exempts from disclosure "information of a personal nature where the public disclosure thereof would constitute a clearly unwarranted invasion of personal privacy." This provision is intended to protect from public disclosure any information contained in public records that relates to details of an individual's private life when the individual's privacy interest in the information outweighs the public's interest in the information. The information sought to be protected provides specific details of customers' private energy usage and how much those customers pay for electricity, the disclosure of which would constitute an unwarranted invasion of the customers' personal privacy. Therefore, the portion of the responses which identify the customers by name should be protected as confidential.

15. Additionally, the amount of revenue and the billing determinants used to produce the revenue are commercial information that could be used to cause competitive injury to the Company and permit competitors an unfair commercial advantage. Thus, this information should also be afforded confidential protection under KRS 61.878(1)(c).

16. In accordance with the provisions of 807 KAR 5:001 Section 7, one copy of KU's responses to these data requests with the confidential information highlighted and ten (10) copies of KU's responses without the confidential information are herewith filed with the Commission.

WHEREFORE, Kentucky Utilities Company respectfully requests that the Commission grant confidential protection, or in the alternative, schedule an evidentiary hearing on all factual issues.

Dated: February 17, 2004

Respectfully submitted,

A handwritten signature in black ink that reads "Allyson K. Sturgeon". The signature is written in a cursive style and is positioned above a horizontal line.

Kendrick R. Riggs
J. Gregory Cornett
Allyson K. Sturgeon
Ogden Newell & Welch PLLC
1700 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202
Telephone: (502) 582-1601

Linda S. Portasik
Senior Corporate Attorney
LG&E Energy Corp.
220 West Main Street
Louisville, Kentucky 40202

Counsel for Kentucky Utilities Company

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Petition for Confidential Protection was served on the following persons on the 17th day of February 2004, United States mail, postage prepaid:

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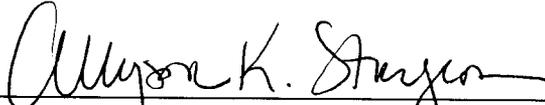
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Counsel for Kentucky Utilities Company

Without Purchase Accounting

LG&E Energy LLC FAS132 Disclosure for Fiscal Year Ending December 31, 2003
 for Postretirement Benefit Plans

	2003	2003
	LG&E	KU
Change in benefit obligation		
Benefit obligation at 11/30/2002	\$ 93,232,887	\$ 104,801,741
Service cost	604,285	805,736
Interest cost	6,871,592	6,312,823
Plan amendments	7,380,474	-
Acquisitions/divestitures	-	-
Exchange rate changes	-	-
Curtailment (gain) or loss	-	-
Settlement (gain) or loss	-	-
Special termination benefits	-	-
Benefits paid net of retiree contributions	(9,313,433)	(7,329,244)
Settlement payments	-	-
Actual (gain) or loss	9,254,089	1,371,822
Benefit obligation at 12/31/2003	\$ 108,028,884	\$ 105,762,878
Change in plan assets		
Fair value of plan assets at 11/30/2002	\$ 1,477,925	\$ 7,942,740
Adjustment for transfers	-	-
Actual return on plan assets	2,076,521	(774,587)
Acquisitions/divestitures	-	-
Employer contributions	6,401,139	5,505,818
Benefits paid net of retiree contributions	(9,313,433)	(7,329,244)
Settlement payments	-	-
Administrative expenses	31,904	34,305
Exchange rate changes	-	-
Fair value of plan assets at 12/31/2003	\$ 674,058	\$ 5,379,032
Reconciliation of funded status		
Funded status	\$ (107,355,828)	\$ (14,350,832)
Unrecognized actuarial (gain) or loss	23,723,864	5,747,383
Unrecognized transition (asset) or obligation	6,026,975	885,026
Unrecognized prior service cost	11,481,484	479,039
Net amount recognized at 12/31/2003	\$ (66,123,385)	\$ (7,138,574)
Amounts recognized in the statement of financial position consist of:		
Prepaid benefit cost	\$ (66,123,385)	\$ (7,138,574)
Accrued benefit liability	N/A	N/A
Intangible asset	N/A	N/A
Accumulated other comprehensive income	N/A	N/A
Net amount recognized at 12/31/2003	\$ (66,123,385)	\$ (7,138,574)
Prepaid (Accrued) benefit cost at 12/31/2002		
Net periodic postretirement benefit cost	\$ (62,092,103)	\$ (5,666,010)
Employer contributions	10,368,381	2,081,735
January 1 to December 31	6,337,089	609,171
Transfers within plan	-	-
FAS 88 charges	-	-
Prepaid (Accrued) benefit cost at 12/31/2003	\$ (66,123,385)	\$ (7,138,574)

Case No. 2003-00434

MERCER

Human Resource Consulting

462 South Fourth Street, Suite 1500
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502 561 4500 Fax 502 561 4747
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January 5, 2004

Mr. Scott Williams
LG&E Energy Corp.
220 West Main Street
Louisville, KY 40232

Confidential

Subject:

FAS 112 Liability on December 31, 2003

Dear Scott:

The FAS 112 liability as of December 31, 2003 for post employment benefits for disabled employees of LG&E Energy Corp., based on the final discount rate of 6.25%, is
Costs by division are shown below:

Division	Liability
LG&E	\$ 2,747,237
Kentucky Utilities	5,454,349
ServCo	479,651
LP/S	
WKE	
Total	

The FAS 112 liability includes the actuarial present value of medical benefits for each disabled employee and their dependents until the disabled's age 65, when the FAS 112 benefit terminates (benefits beyond age 65 are accounted for under FAS 106). It also includes the actuarial present value of continued life insurance for disabled employees of Kentucky Utilities, ServCo and WKE.

The present value was developed using generally accepted actuarial valuation techniques and reasonable assumptions with regard to disabled and non-disabled (dependent) mortality. To reflect the probability of recovery from disability and return to active work, we developed an adjustment factor of 90.20 percent from standard actuarial recovery tables and multiplied it by the present values that were calculated assuming no recovery. Census data as of January 1, 2003 was provided by LG&E. We have not performed an audit of this data.

**E Energy FAS132 Disclosure as of November 30, 2002
Fiscal Year Ending December 31, 2002**

Without Purchase Accounting

Prepaid (Accrued) benefit cost at 11/1/2002 prior to adjustment for minimum liability	\$ (2,432,704)	\$ (9,073,727)	\$ (11,506,431)	\$ (194,207)	\$ (308,391)	\$ (8,065)
Pension cost	246,138	1,849,535	2,094,673	23,205	60,619	2,075
Employer contributions (benefit payments if NonQualified)						
January 1 to November 30	316,430	229,433	539,863	19,538	10,791	634
December 1 to December 31	28,545	23,818	52,363	1,776	1,182	58
Transfers within plan	-	-	-	-	-	-
FAS88 charges	-	-	-	-	-	-
Prepaid (Accrued) benefit cost at 12/31/2002 prior to adjustment for intangible asset and accumulated other comprehensive income	\$ (2,333,667)	\$ (10,876,011)	\$ (13,008,878)	\$ (198,088)	\$ (355,037)	\$ (7,448)
Intangible asset	667,125	731,126	1,398,251	12,681	(11,801)	5,110
Accumulated other comprehensive income	71,514	-	71,514	-	-	-
Prepaid (Accrued) benefit liability at 12/31/2002	\$ (3,072,568)	\$ (11,406,137)	\$ (14,478,643)	\$ (208,779)	\$ (343,236)	\$ (12,558)

Additional year-end information for plans with benefit obligations in excess of plan assets:
Benefit obligation at 11/30/2002 \$ 3,101,051 \$ 14,638,704 \$ 17,739,755 \$ 220,879 \$ 484,357 \$ 17,523
Fair value of plan assets at 11/30/2002 \$ 3,101,051 \$ 14,429,955 \$ 14,531,006 \$ 210,555 \$ 344,418 \$ 12,616

Additional year-end information for pension plans with accumulated benefit obligations in excess of plan assets:
Projected benefit obligation at 11/30/2002 \$ 3,101,051 \$ 14,638,704 \$ 17,739,755 \$ 220,879 \$ 484,357 \$ 17,523
Accumulated benefit obligation at 11/30/2002 \$ 3,101,051 \$ 11,429,955 \$ 14,531,006 \$ 210,555 \$ 344,418 \$ 12,616
Fair value of plan assets at 11/30/2002

Components of net periodic benefit cost						
Service cost	\$ 212,608	\$ 689,838	\$ 689,838	\$ 1,547	\$ 28,660	\$ 328
Interest cost						
Expected return on plan assets	8,431	814,812	1,127,220	14,871	28,188	1,119
Amortization of prior service cost						
Amortization of transitional (asset) or obligation	25,099	169,499	177,930	10,819	(2,973)	(179)
Recognized actuarial (gain) or loss						
Net periodic benefit cost	\$ 246,138	\$ 1,848,535	\$ 2,094,673	\$ (3,832)	\$ 6,744	\$ 807
FAS88 special charges						
Net periodic benefit cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Weighted-average assumptions as of November 30						
Discount rate	6.75%					
Expected long-term rate of return on plan assets	8.50%					
Rate of compensation increase	3.75%					

LG&E Energy LLC FAS132 Disclosure for Fiscal Year Ending December 31, 2003 Without Purchase Accounting



Change in benefit obligation			
Benefit obligation at 11/30/2002	\$ 215,579,219	\$ 145,893,235	\$ 73,884,112
Service cost	780,029	976,663	4,121,069
Interest cost	13,783,303	9,406,572	5,057,617
Participant contributions	-	-	-
Plan amendments	2,454,944	1,523,119	3,664,462
Change due to transfers	-	562,533	205,453
Acquisitions/divestitures	-	-	-
Exchange rate changes	-	-	-
Curtailment (gain) or loss	-	-	-
Settlement (gain) or loss	-	-	-
Special termination benefits	-	-	-
Benefits paid	(20,977,499)	(12,561,055)	(1,123,127)
Settlement payments	-	-	-
Actuarial (gain) or loss	14,798,974	6,472,858	6,422,171
Benefit obligation at 12/31/2003	\$ 226,416,971	\$ 152,274,045	\$ 92,231,757

Change in plan assets			
Fair value of plan assets at 11/30/2002	\$ 126,335,345	\$ 89,978,651	\$ 39,871,557
Actual return on plan assets	21,678,575	25,471,963	11,117,789
Change due to transfers	-	237,938	310,616
Acquisitions/divestitures	-	-	-
Employer contributions	33,934,950	55,190,390	10,307,235
Participant contributions	-	-	-
Benefits paid	(20,977,499)	(12,561,035)	(1,123,127)
Settlement payments	-	-	-
Administrative expenses	(1,028,865)	(483,446)	(22,348)
Exchange rate changes	-	-	-
Fair value of plan assets at 12/31/2003	\$ 159,943,495	\$ 137,834,661	\$ 60,461,721

Reconciliation of funded status			
Funded status	\$ (66,473,476)	\$ (14,439,384)	\$ (31,770,036)
Adjustment due to transfer	55,811,037	407,351	25,280,338
Unrecognized actuarial (gain) or loss	(2,183,150)	-	-
Unrecognized transition (asset) or obligation	11,333,575	20,941,807	6,544,871
Unrecognized prior service cost	-	-	-
Net amount recognized at 12/31/2003	\$ (1,512,014)	\$ 6,909,784	\$ 55,173

Amounts recognized in the statement of financial position consist of:			
Prepaid benefit cost	\$ (66,473,476)	\$ (8,000,767)	\$ (13,624,658)
Accrued benefit liability	11,333,575	20,941,807	6,544,871
Intangible asset	53,627,887	(6,031,256)	7,134,960
Net amount recognized at 12/31/2003	\$ (1,512,014)	\$ 6,909,784	\$ 55,173
Other comprehensive income attributable to change in additional minimum liability recognition	\$ 5,584,946	\$ (8,628,020)	\$ (2,536,251)



Prepaid (Accrued) benefit cost at 12/31/2002 prior to adjustment for minimum liability	\$ (31,107,308)	\$ (45,464,187)	\$ (3,570,324)	\$ (23,377,839)
Pension cost	4,339,664	2,816,419	6,672,738	6,033,777
Employer contributions (benefit payments if Non-Qualified) January 1 to December 31	33,934,958	55,190,390	10,307,235	9,502,693
Transfers within plan	-	-	-	-
FAS88 charges	-	-	-	-
Prepaid (Accrued) benefit cost at 12/31/2003 prior to adjustment for intangible asset and accumulated other comprehensive income	\$ (1,512,014)	\$ 6,909,764	\$ 55,173	\$ (19,908,923)
Intangible asset	11,333,575	20,941,807	6,544,871	9,184,283
Accumulated other comprehensive income	53,627,867	(6,031,256)	7,134,950	9,667,147
Prepaid (Accrued) benefit liability at 12/31/2003	\$ 66,443,428	\$ 18,000,767	\$ (13,624,658)	\$ 48,980,353

Additional year-end information for plans with benefit obligations in excess of plan assets:

Benefit obligation at 12/31/2003	\$ 226,416,971	\$ 152,274,045	\$ 92,231,757	\$ 257,704,833
Fair value of plan assets at 12/31/2003	159,943,495	137,834,661	60,461,721	201,093,336

Additional year-end information for pension plans with accumulated benefit obligations in excess of plan assets:

Projected benefit obligation at 12/31/2003	\$ 226,416,971	\$ 152,274,045	\$ 92,231,757	\$ 257,704,833
Accumulated benefit obligation at 12/31/2003	228,416,971	145,835,428	74,006,379	240,053,689
Fair value of plan assets at 12/31/2003	159,943,495	137,834,661	60,461,721	201,093,336



Components of net periodic benefit cost

Service cost	\$ 780,029	\$ 976,663	\$ 4,121,069	\$ 2,962,008
Interest cost	13,783,303	9,406,572	5,057,617	15,924,515
Expected return on plan assets	(12,929,838)	(9,855,149)	(4,280,985)	(14,867,954)
Amortization of prior service cost	1,214,694	2,576,737	314,787	957,060
Amortization of transitional (asset) or obligation	(727,716)	(288,404)	-	(132,893)
Recognized actuarial (gain) or loss	2,219,892	-	1,460,240	1,211,041
Net periodic benefit cost	\$ 4,339,664	\$ 2,816,419	\$ 6,672,738	\$ 6,033,777
FAS88 special charges	-	-	-	-

Weighted-average assumptions as of December 31

Discount rate	6.25%
Expected long-term rate of return on plan assets	9.00% for 2003 expense
Rate of compensation increase	3.00%

LG&E Energy LLC FAS132 Disclosure for Fiscal Year Ending December 31, 2003
for Postretirement Benefit Plans

Without Purchase Accounting

	2003	2003
	LG&E	KU
	Service	
Change in benefit obligation		
Benefit obligation at 11/30/2002	\$ 93,232,867	\$ 11,618,634
Service cost	604,265	657,599
Interest cost	6,871,592	818,660
Plan amendments	7,360,474	42,603
Acquisitions/divestitures	-	-
Exchange rate changes	-	-
Curialment (gain) or loss	-	-
Settlement (gain) or loss	-	-
Special termination benefits	-	-
Benefits paid net of retiree contributions	(9,313,433)	(376,567)
Settlement payments	-	-
Actual gain (loss)	9,254,069	1,433,769
Benefit obligation at 12/31/2003	\$ 108,029,864	\$ 14,392,738
Change in plan assets		
Fair value of plan assets at 11/30/2002	\$ 1,477,925	\$ 179,681
Adjustment for transfers	-	-
Actual return on plan assets	2,076,521	(375,673)
Acquisitions/divestitures	-	-
Employer contributions	6,401,139	609,171
Benefits paid net of retiree contributions	(9,313,433)	(376,567)
Settlement payments	-	-
Administrative expenses	31,804	5,484
Exchange rate changes	-	-
Fair value of plan assets at 12/31/2003	\$ 674,056	\$ 42,106
Reconciliation of funded status		
Funded status	\$ (107,355,826)	\$ (14,350,632)
Unrecognized actuarial (gain) or loss	23,723,964	5,747,393
Unrecognized transition (asset) or obligation	6,028,875	985,628
Unrecognized prior service cost	11,481,484	479,039
Net amount recognized at 12/31/2003	\$ (66,123,395)	\$ (7,138,574)
Amounts recognized in the statement of financial position consist of:		
Prepaid benefit cost	\$ (68,123,395)	\$ (7,138,574)
Accrued benefit liability	N/A	N/A
Intangible asset	N/A	N/A
Accumulated other comprehensive income	\$ (68,123,395)	\$ (7,138,574)
Net amount recognized at 12/31/2003	\$ (68,123,395)	\$ (7,138,574)
Prepaid (Accrued) benefit cost at 12/31/2002		
Net periodic postretirement benefit cost	\$ (62,092,103)	\$ (5,666,010)
Employer contributions	10,366,381	2,081,735
January 1 to December 31	6,337,089	609,171
Transfers within plan	-	-
FAS 88 charges	-	-
Prepaid (Accrued) benefit cost at 12/31/2003	\$ (66,123,395)	\$ (7,138,574)

**LG&E Energy FAS132 Disclosure as of November 30, 2002
for Fiscal Year Ending December 31, 2002**

Without Purchase Accounting

Prepaid (Accrued) benefit cost at 1/1/2002 prior to adjustment for minimum liability
 Pension cost
 Employer contributions (benefit payments if Non-Qualified)
 January 1 to November 30
 December 1 to December 31
 Transfers within plan
 FAS88 charges

\$ (29,463,760) \$ (40,237,922) \$ (5,212,086) \$ (37,738,001)
 1,643,548 5,226,265 5,367,238 1,650,910

Prepaid (Accrued) benefit cost at 12/31/2002 prior to adjustment for intangible asset and accumulated other comprehensive income

\$ (31,107,308) \$ (45,464,187) \$ (3,579,324) \$ (26,388,911)
 10,093,625 22,025,009 3,195,206 10,101,130
 48,042,941 2,596,764 9,671,211 14,532,208
 \$ (89,243,674) \$ (70,865,960) \$ (16,445,741) \$ (51,022,249)

Additional year-end information for plans with benefit obligations in excess of plan assets:

Benefit obligation at 11/30/2002 \$ 215,579,219 \$ 145,893,235 \$ 73,884,112 \$ 247,709,275
 Fair value of plan assets at 11/30/2002 126,335,345 69,978,851 39,871,557 178,534,449

Additional year-end information for pension plans with accumulated benefit obligations in excess of plan assets:

Projected benefit obligation at 11/30/2002 \$ 215,579,219 \$ 145,893,235 \$ 73,884,112 \$ 247,709,275
 Accumulated benefit obligation at 11/30/2002 215,579,219 140,064,811 56,317,298 229,556,698
 Fair value of plan assets at 11/30/2002 126,335,345 69,978,851 39,871,557 178,534,449

Components of net periodic benefit cost

Service cost \$ 657,155 \$ 825,366 \$ 3,542,873 \$ 2,636,363
 Interest cost 14,546,920 9,737,971 4,534,624 16,597,319
 Expected return on plan assets (14,047,805) (7,591,215) (3,727,368) (18,405,501)
 Amortization of prior service cost 1,214,994 2,542,527 247,432 955,622
 Amortization of transitional (asset) or obligation (727,716) (288,404) - (132,893)
 Net periodic benefit cost \$ 1,643,548 \$ 5,226,265 \$ 5,367,238 \$ 1,650,910

FAS88 special charges

\$ - \$ - \$ - \$ -

Weighted-average assumptions as of November 30

Discount rate 6.75%
 Expected long-term rate of return on plan assets 9.50% for 2002 expense (9.00% for 2003 expense)
 Rate of compensation increase 3.75%

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Kentucky Utilities Operating Plan Cash Flow Statement (\$000'S) Commitments	2003 Plan		2003 Plan		2003 Plan		2003 Plan												
	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	
Cash flows from operating:	8,784	6,007	4,785	839	3,814	6,852	8,861	9,541	6,186	4,811	5,086	16,870	82,346	0	0	0	0	0	0
NIAC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Items not requiring cash:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cum effect of accg chg (net of tax)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-recurring chg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prov for revenue refund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation and Amortization	9,607	9,811	8,814	8,839	8,847	8,855	8,863	8,880	8,888	8,897	8,905	8,978	108,386	0	0	0	0	0	0
Deferred Income Taxes - net	1,077	0	2,862	0	2,862	0	2,862	0	2,862	0	0	2,862	12,825	0	0	0	0	0	0
Investment Tax Credit - net	(220)	(220)	(220)	(220)	(220)	(220)	(220)	(220)	(220)	(220)	(220)	(220)	(2,864)	0	0	0	0	0	0
Gain/loss on sale of capital asset	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	(184)	2,469	2,469	3,132	3,132	2,134	2,782	2,782	2,782	2,782	2,782	(16,178)	10,903	0	0	0	0	0	0
Other Deferred Assets	(9,359)	725	(827)	3,511	3,511	(171)	3,156	(519)	3,156	(519)	3,156	(13,117)	(3,819)	0	0	0	0	0	0
Other Deferred Credits	(2,026)	1,656	3,209	(466)	(466)	3,209	(466)	(466)	(466)	(466)	(466)	(3,153)	3,304	0	0	0	0	0	0
Unrealized Loss on Investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unamortized Premium	2,965	32	32	32	32	(960)	36	36	36	36	36	36	2,346	0	0	0	0	0	0
Distributions from affiliates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity in joint ventures	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Price risk management assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ARO liabilities	7,835	50	50	50	50	50	50	50	50	50	50	50	8,187	0	0	0	0	0	0
Additional Depr. from Reserve/Other	621	6	6	6	6	6	6	6	6	6	6	6	663	0	0	0	0	0	0
Funds from Operations	18,234	17,047	18,720	12,880	18,873	20,483	20,258	20,883	20,478	18,278	18,883	12,112	208,819	0	0	0	0	0	0
Change in Working Capital:	30,083	8,410	4,288	3,943	(5,484)	(9,137)	(823)	(542)	5,318	6,680	(1,972)	(9,287)	31,875	0	0	0	0	0	0
Accounts Receivable	7,908	(2,015)	(1,292)	(104)	(135)	(410)	(110)	(314)	47	(257)	(214)	125	3,227	0	0	0	0	0	0
Materials and supplies	(11,153)	(2,824)	41	4,890	11,587	6,313	(13,683)	4,936	(9,219)	(2,198)	2,979	13,395	5,044	0	0	0	0	0	0
Accounts payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Common dividends payable	188	188	(378)	188	188	(378)	188	188	(378)	188	188	(378)	0	0	0	0	0	0	0
Preferred dividends payable	(3,655)	4,334	708	(9,353)	3,010	(10,093)	6,140	6,570	(13,319)	2,865	3,045	(2,874)	(12,824)	0	0	0	0	0	0
Accrued taxes	(188)	(1,268)	(1,825)	(1,260)	650	3,841	(204)	(1,282)	(1,863)	(1,282)	635	3,825	(41)	0	0	0	0	0	0
Prepayments	(4,573)	(1,949)	784	784	784	(693)	697	791	791	791	791	791	(112)	0	0	0	0	0	0
Intercompany accounts	(60,000)	0	0	0	0	0	0	0	0	0	0	0	(60,000)	0	0	0	0	0	0
Price risk management assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Price risk management liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net cash from operating	(23,089)	22,024	31,243	11,678	26,244	9,277	12,888	31,681	1,876	23,087	22,016	17,711	178,888	0	0	0	0	0	0
Cash flows from investing:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sale (Purchase) of capital assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sale (Purchase) of marketable securities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sale (Purchase) of long-term investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contribution expenditures	(17,704)	(15,790)	(18,883)	(91,444)	(32,170)	(33,438)	(19,729)	(28,690)	(22,076)	(21,166)	(21,974)	(30,538)	(353,622)	0	0	0	0	0	0
Investment in Affiliates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investment in Subsidiaries	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Goodwill	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net cash from investing	(17,704)	(15,790)	(18,883)	(91,444)	(32,170)	(33,438)	(19,729)	(28,690)	(22,076)	(21,166)	(21,974)	(30,538)	(353,622)	0	0	0	0	0	0
Cash flows from financing:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Issuance of Common Stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Changes in Paid-in Capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Issuance/Retirement of Preferred Stock	4,233	0	0	0	0	0	0	0	0	0	0	0	4,233	0	0	0	0	0	0
Issuance/Retirement of First Mortgage Bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Issuance/Retirement of Pollution Control Bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (Decrease) in Notes Payable	25,000	(5,000)	(3,000)	80,000	6,000	24,000	7,000	(3,000)	21,000	(2,000)	0	13,000	162,000	0	0	0	0	0	0
Change in Other Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrealized Loss on Investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payment of Dividends to Shareholders	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Amount reserved for dividends (zeros out interest)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net cash from financing	29,233	(6,000)	(3,000)	80,000	6,000	24,000	7,000	(3,000)	21,000	(2,000)	0	13,000	162,233	0	0	0	0	0	0
Net cash increase (decrease)	(11,840)	1,234	(841)	238	(826)	288	(39)	1	601	(130)	41	173	(10,702)	0	0	0	0	0	0
Beginning cash	16,230	4,680	5,823	5,518	4,583	4,861	4,861	4,842	4,843	5,444	5,314	5,355	16,230	0	0	0	0	0	0
Ending cash	4,390	5,233	5,213	5,518	4,883	4,881	4,842	4,843	5,444	5,314	5,386	6,628	6,528	0	0	0	0	0	0

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LG&E Energy Cash Flow Forecast - Daily	Tue 1-Jul-03	Wed 2-Jul-03	Thu 3-Jul-03	Fri 4-Jul-03	Mon 7-Jul-03	Tue 8-Jul-03	Wed 9-Jul-03	Thu 10-Jul-03	Fri 11-Jul-03	Mon 14-Jul-03	Tue 15-Jul-03	Wed 16-Jul-03	Thu 17-Jul-03
LEC BALANCE													
Big Balance	(171,732,051)	(171,732,051)	(169,802,895)	(168,898,810)	(168,898,810)	(167,138,233)	(164,817,790)	(163,377,260)	(163,090,922)	(162,715,117)	(162,408,828)	(162,079,759)	(161,724,961)
LOE - Loan from LEC	(148,430,542)	(143,830,542)	(142,167,807)	(142,382,233)	(142,382,233)	(141,250,180)	(139,802,862)	(139,207,894)	(141,383,637)	(137,753,842)	(136,591,360)	(135,859,131)	(135,000,588)
KU - Loan from LEC													
Big Balance	(171,732,051)	(171,732,051)	(169,802,895)	(168,898,810)	(168,898,810)	(167,138,233)	(164,817,790)	(163,377,260)	(163,090,922)	(162,715,117)	(162,408,828)	(162,079,759)	(161,724,961)
LOE - Loan from LEC	(148,430,542)	(143,830,542)	(142,167,807)	(142,382,233)	(142,382,233)	(141,250,180)	(139,802,862)	(139,207,894)	(141,383,637)	(137,753,842)	(136,591,360)	(135,859,131)	(135,000,588)
KU - Loan from LEC													
Forecast Ending Utility Pool Balance	(314,502,393)	(311,970,842)	(311,082,043)	(311,082,043)	(311,082,043)	(304,720,773)	(302,585,154)	(301,274,559)	(308,811,441)	(304,713,000)	(303,000,588)	(300,224,148)	(296,725,522)
UTILITY POOL													
Big Balance	(171,732,051)	(171,732,051)	(169,802,895)	(168,898,810)	(168,898,810)	(167,138,233)	(164,817,790)	(163,377,260)	(163,090,922)	(162,715,117)	(162,408,828)	(162,079,759)	(161,724,961)
LOE - Loan from LEC	(148,430,542)	(143,830,542)	(142,167,807)	(142,382,233)	(142,382,233)	(141,250,180)	(139,802,862)	(139,207,894)	(141,383,637)	(137,753,842)	(136,591,360)	(135,859,131)	(135,000,588)
KU - Loan from LEC													
Forecast Ending Utility Pool Balance	(314,502,393)	(311,970,842)	(311,082,043)	(311,082,043)	(311,082,043)	(304,720,773)	(302,585,154)	(301,274,559)	(308,811,441)	(304,713,000)	(303,000,588)	(300,224,148)	(296,725,522)
Disbursements													
KU	1,321,996	1,332,274	3,176,172	-	-	1,393,050	1,444,367	6,082,167	987,876	1,274,227	2,393,687	1,274,227	1,288,227
LOE	1,145,828	1,148,111	1,249,091	-	1,137,738	1,145,591	1,142,591	5,208,746	3,794,324	2,079,313	2,433,145	1,142,591	1,268,561
Receipts													
KU	2,953,973	2,994,910	2,861,848	-	2,406,280	2,740,247	2,138,476	3,908,454	3,255,168	2,638,708	3,535,569	3,217,000	3,217,000
LOE	3,172,855	3,077,167	2,346,275	-	2,719,313	3,466,034	2,583,121	2,725,084	1,810,129	2,814,672	3,004,275	1,976,258	2,838,404
Net Cash Flow													
KU	1,631,977	1,662,835	(214,326)	-	1,320,053	1,247,197	895,046	(2,173,743)	2,267,314	1,362,482	1,411,882	1,942,773	1,928,773
LOE	2,027,228	1,929,057	1,103,164	-	1,581,577	2,320,443	1,440,531	(2,513,662)	(1,624,196)	735,359	871,130	835,667	1,568,814

LGE Energy Cash Flow Forecast - Daily													
	Fr 18-Jul-03	Mon 21-Jul-03	Tue 22-Jul-03	Wed 23-Jul-03	Thu 24-Jul-03	Fr 25-Jul-03	Mon 28-Jul-03	Tue 29-Jul-03	Wed 30-Jul-03	Thu 31-Jul-03	Fr 1-Aug-03	Mon 4-Aug-03	Tue 5-Aug-03
LEC BALANCE													
Reg Balance	(184,005,147)	(160,716,627)	(141,379,218)	(139,236,808)	(137,091,399)	(135,045,990)	(132,900,581)	(130,755,172)	(128,609,763)	(126,464,354)	(124,318,945)	(122,173,536)	(120,028,127)
LOE - Loan from LEC	(132,720,415)	(133,212,723)	(143,675,177)	(143,675,177)	(141,732,405)	(139,789,632)	(137,846,860)	(135,904,088)	(133,961,316)	(132,018,544)	(130,075,772)	(128,133,000)	(126,190,228)
KU - Loan from LEC													
LEC - Cash													
UTILITY POOL													
Reg Balance	(184,005,147)	(160,716,627)	(141,379,218)	(139,236,808)	(137,091,399)	(135,045,990)	(132,900,581)	(130,755,172)	(128,609,763)	(126,464,354)	(124,318,945)	(122,173,536)	(120,028,127)
LOE (+/-(Loan from LEC)	(132,720,415)	(133,212,723)	(143,675,177)	(143,675,177)	(141,732,405)	(139,789,632)	(137,846,860)	(135,904,088)	(133,961,316)	(132,018,544)	(130,075,772)	(128,133,000)	(126,190,228)
KU (+/-(Loan from LEC)													
LEC Beginning Utility Pool Balance	2,288,521	19,337,409	2,142,409	2,142,409	2,045,409	(2,045,409)	(2,045,409)	(2,045,409)	(2,045,409)	(2,045,409)	(2,045,409)	(2,045,409)	(2,045,409)
LGE Net Transactions	(492,008)	(12,405,227)	1,942,773	1,942,773	1,942,773	1,942,773	1,942,773	1,942,773	1,942,773	1,942,773	1,942,773	1,942,773	1,942,773
Forecast LGE Ending Balance	(160,716,627)	(141,379,218)	(139,236,808)	(137,091,399)	(135,045,990)	(132,900,581)	(130,755,172)	(128,609,763)	(126,464,354)	(124,318,945)	(122,173,536)	(120,028,127)	(117,882,718)
Forecast KU Ending Balance	(132,720,415)	(133,212,723)	(143,675,177)	(143,675,177)	(141,732,405)	(139,789,632)	(137,846,860)	(135,904,088)	(133,961,316)	(132,018,544)	(130,075,772)	(128,133,000)	(126,190,228)
Forecast Ending Utility Pool Balance	(293,929,350)	(288,997,148)	(282,911,985)	(278,833,804)	(274,755,623)	(270,677,442)	(266,599,261)	(262,521,080)	(258,442,899)	(254,364,718)	(250,286,537)	(246,208,356)	(242,130,175)
Net Cash Flow													
KU	3,709,008	16,822,227	1,274,217	1,274,217	1,274,217	1,274,217	1,274,217	1,274,217	1,274,217	1,274,217	1,274,217	1,274,217	1,274,217
LOE	1,142,591	10,322,581	1,145,511	1,142,591	1,242,591	45,304,563	1,142,591	1,145,591	1,306,781	21,098,591	1,131,862	1,133,862	1,136,862
LGE													
Receipts	3,217,000	3,217,000	3,217,000	3,217,000	3,217,000	3,217,000	3,217,000	3,217,000	3,217,000	3,217,000	3,217,000	3,217,000	3,217,000
Payments	4,431,112	28,860,000	3,288,000	3,288,000	3,288,000	3,288,000	3,288,000	3,288,000	3,288,000	3,288,000	3,288,000	3,288,000	3,288,000
Net Cash Flow	(1,214,102)	(25,042,980)	(66,780,000)	(66,780,000)	(66,780,000)	(66,780,000)	(66,780,000)	(66,780,000)	(66,780,000)	(66,780,000)	(66,780,000)	(66,780,000)	(66,780,000)

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LEC Energy Cash Flow Forecast - Daily	Wed 6-Aug-03	Thu 7-Aug-03	Fri 8-Aug-03	Mon 11-Aug-03	Tue 12-Aug-03	Wed 13-Aug-03	Thu 14-Aug-03	Fri 15-Aug-03	Mon 18-Aug-03	Tue 19-Aug-03	Wed 20-Aug-03	Thu 21-Aug-03	Fri 22-Aug-03
LEC BALANCE													
beg Balance	(175,573,707)	(172,859,565)	(170,245,427)	(168,908,585)	(171,561,448)	(166,850,709)	(166,136,170)	(163,522,032)	(207,562,998)	(204,448,861)	(202,137,723)	(187,189,584)	(184,601,446)
LOE - Loan from LEC				(130,395,543)	(134,874,062)	(132,212,541)	(129,617,100)	(127,411,618)	(186,567,837)	(184,163,351)	(181,762,873)	(182,919,394)	(130,532,913)
KU - Loan from LEC	(137,596,886)	(135,199,555)	(132,767,024)	(130,395,543)	(134,874,062)	(132,212,541)	(129,617,100)	(127,411,618)	(186,567,837)	(184,163,351)	(181,762,873)	(182,919,394)	(130,532,913)
UTILITY POOL													
beg Balance	(175,573,707)	(172,859,565)	(170,245,427)	(168,908,585)	(171,561,448)	(166,850,709)	(166,136,170)	(163,522,032)	(207,562,998)	(204,448,861)	(202,137,723)	(187,189,584)	(184,601,446)
LOE (Ordinan / Loan from LEC)	(137,596,886)	(135,199,555)	(132,767,024)	(130,395,543)	(134,874,062)	(132,212,541)	(129,617,100)	(127,411,618)	(186,567,837)	(184,163,351)	(181,762,873)	(182,919,394)	(130,532,913)
Total Beginning Utility Pool Balance	(313,170,593)	(308,059,120)	(303,012,451)	(300,304,128)	(306,435,510)	(299,063,250)	(295,753,270)	(290,933,651)	(394,130,835)	(388,612,212)	(383,900,596)	(370,108,978)	(315,134,359)
LOE Net Transactions	2,714,138	2,814,138	2,409,481	2,409,481	2,409,481	2,409,481	2,409,481	2,409,481	2,409,481	2,409,481	2,409,481	2,409,481	2,409,481
Forecast LOE Ending Balance	(172,456,465)	(170,245,427)	(168,034,389)	(165,823,351)	(163,612,313)	(161,401,275)	(159,190,237)	(156,979,199)	(154,768,161)	(152,557,123)	(150,346,085)	(148,135,047)	(145,924,009)
Forecast KU Ending Balance	(134,874,062)	(132,767,024)	(130,660,000)	(128,552,976)	(126,445,952)	(124,338,928)	(122,231,904)	(120,124,880)	(118,017,856)	(115,910,832)	(113,803,808)	(111,696,784)	(109,589,760)
Forecast Ending Utility Pool Balance	(308,059,120)	(303,012,451)	(300,304,128)	(306,435,510)	(301,082,869)	(295,753,270)	(290,933,651)	(286,114,032)	(280,768,011)	(275,421,990)	(270,075,969)	(264,729,948)	(259,383,927)
Disbursements													
KU	1,289,519	1,289,519	1,289,519	1,289,519	1,289,519	1,289,519	1,289,519	1,289,519	1,289,519	1,289,519	1,289,519	1,289,519	1,289,519
LGE	1,133,862	1,233,862	3,511,158	5,500,882	1,156,882	1,133,862	1,233,862	47,888,966	1,133,862	1,133,862	9,845,862	1,259,862	3,511,158
Receipts													
KU	3,890,000	3,890,000	3,890,000	3,890,000	3,890,000	3,890,000	3,890,000	3,890,000	3,890,000	3,890,000	3,890,000	3,890,000	3,890,000
LGE	2,848,000	2,848,000	2,848,000	2,848,000	2,848,000	2,848,000	2,848,000	2,848,000	2,848,000	2,848,000	2,848,000	2,848,000	2,848,000
Net Cash Flow													
KU	2,600,481	2,600,481	2,600,481	2,600,481	2,600,481	2,600,481	2,600,481	2,600,481	2,600,481	2,600,481	2,600,481	2,600,481	2,600,481
LGE	2,714,138	2,814,138	338,842	(1,852,922)	2,714,138	2,714,138	2,814,138	(44,040,968)	2,714,138	2,714,138	14,848,138	2,848,138	338,842

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 Rives

LG&E Energy Cash Flow Forecast - Daily						
	Mon	Tue	Wed	Thu	Fri	
	24-Aug-03	25-Aug-03	26-Aug-03	27-Aug-03	28-Aug-03	29-Aug-03
LEC BALANCE						
Beg Balance	(104,264,604)	(222,075,339)	(219,384,201)	(216,650,063)	(214,007,923)	(214,007,923)
LG&E - Loan from LEC	(128,332,432)	(148,640,666)	(148,640,185)	(144,039,704)	(141,631,223)	(141,631,223)
KU - Loan from LEC						
Total Beginning Utility Pool Balance	(232,597,036)	(370,916,005)	(368,024,386)	(360,689,767)	(355,639,146)	(355,639,146)
LG&E Net Transactions	(27,810,735)	2,711,136	2,714,136	2,614,136	(6,999,862)	(6,999,862)
KU Net Transactions	(20,708,234)	2,400,461	2,400,461	2,400,461	5,642,043	5,642,043
Forecast LGE Ending Balance	(222,075,339)	(219,384,201)	(216,650,063)	(214,005,923)	(223,035,787)	(223,035,787)
Forecast KU Ending Balance	(148,640,666)	(148,640,185)	(144,039,704)	(141,639,223)	(135,997,161)	(135,997,161)
Forecast Ending Utility Pool Balance	(370,716,005)	(368,024,386)	(360,689,767)	(355,639,146)	(359,032,948)	(359,032,948)
UTILITY POOL						
Beg Balance						
LG&E (Holdman / Loan from LEC)	(194,264,604)	(222,075,339)	(219,384,201)	(216,650,063)	(214,007,923)	(214,007,923)
KU (Holdman / Loan from LEC)	(128,332,432)	(148,640,666)	(148,640,185)	(144,039,704)	(141,631,223)	(141,631,223)
Total Beginning Utility Pool Balance	(322,597,036)	(470,716,005)	(368,024,386)	(360,689,767)	(355,639,146)	(355,639,146)
LG&E Net Transactions	(27,810,735)	2,711,136	2,714,136	2,614,136	(6,999,862)	(6,999,862)
KU Net Transactions	(20,708,234)	2,400,461	2,400,461	2,400,461	5,642,043	5,642,043
Forecast LGE Ending Balance	(222,075,339)	(219,384,201)	(216,650,063)	(214,005,923)	(223,035,787)	(223,035,787)
Forecast KU Ending Balance	(148,640,666)	(148,640,185)	(144,039,704)	(141,639,223)	(135,997,161)	(135,997,161)
Forecast Ending Utility Pool Balance	(370,716,005)	(368,024,386)	(360,689,767)	(355,639,146)	(359,032,948)	(359,032,948)
Disbursements						
KUJ	24,308,234	1,249,518	1,249,518	1,249,518	1,249,518	9,160,967
LGE	41,668,795	1,138,862	1,133,862	1,331,862	1,331,862	17,726,862
Receipts						
KUJ	3,690,000	3,690,000	3,690,000	3,690,000	3,690,000	14,803,000
LGE	3,648,000	3,648,000	3,648,000	3,648,000	3,648,000	9,727,000
Net Cash Flow						
KUJ	(20,708,234)	2,400,461	2,400,461	2,400,461	2,400,461	5,642,043
LGE	(37,810,735)	2,711,136	2,714,136	2,614,136	2,614,136	(6,999,862)

Kentucky Utilities Company
 Excess Facilities Charges
 Based on Charges for the
 12 Months Ended September 30, 2003

<u>Description</u>	<u>Current</u>	<u>Proposed</u>
Original Cost of Plant		
Excess Distribution Facilities	\$ 3,271,728.35	
Excess Lighting Facilities	<u>2,226,031.71</u>	
	\$ 5,497,760.06	\$ 5,497,760.06
Excess Facilities Charge Rate (Annualized)	28.00%	17.97%
Excess Facilities Charge Revenue	\$ 1,539,372.82	\$ 982,999.50
Increase (Decrease)		\$ (556,373.32)
Percentage Increase (Decrease)		-36.1%

Kentucky Utilities Company
Lease Payments

Customer Name	Account	Original Cost of Plant	Payment Amount	Date of Initial Payment	Annual Amount	Plant Description	Term
	001895-050	\$ 971.00	\$ 22.66	May 1, 1987	\$ 271.88	Provides Back-up Service	Perpetual
	005828-010	\$ 6,107.00	\$ 142.50	October 10, 1986	\$ 1,709.96	Additional power for a Cat Scanner	Perpetual
	010188-010	\$ 2,932.33	\$ 68.42	March 26, 1975	\$ 821.05	Provide standby electric service to the University Police Academy	Perpetual
	028972-001	\$ 9,224.00	\$ 215.23	December 1, 1991	\$ 2,582.72	Electric Service for a mobile M.R.I. Unit	Perpetual
	036480-020	\$ 59,792.00	\$ 1,395.00	August 29, 2003	\$ 16,741.76	To provide electrical service at more than one location on its property for use in its manufacturing operations	Perpetual
	051255-011	\$ 28,098.00	\$ 655.62	November 14, 1988	\$ 7,967.44	1,000 KVA electric service at motor repair and testing shop	Perpetual
	072712-010	\$ 3,446.52	\$ 80.42	September 29, 1989	\$ 965.03	Additional Power	Perpetual
	096334-010	\$ 77,292.00	\$ 1,803.48	November 22, 1993	\$ 21,641.76	Electric service at more than one location	Perpetual
	072712-010	\$ 16,019.00	\$ 373.78	April 15, 1988	\$ 4,485.32	Electric service at more than one location	Perpetual
	110182-010	\$ 50,280.00	\$ 1,173.21	September 14, 1982	\$ 14,078.40	Electric service at more than one location on its property	Perpetual
	113672-010	\$ 10,932.00	\$ 255.08	May 31, 2001	\$ 3,060.96	Electric Service at more than one location	Perpetual
	114366-011	\$ 30,020.80	\$ 700.49	October 13, 1995	\$ 6,405.82	Addition of two capacitor banks	Perpetual
	146575-010	\$ 71,125.69	\$ 1,659.60	June 15, 1989	\$ 19,915.19	Provide electric service at more than one location	Perpetual
	314270-002	\$ 84,743.00	\$ 1,510.67	7/1998	\$ 18,128.04	Provide electric service at more than one location	Perpetual
	274605-011	\$ 21,295.00	\$ 496.88	February 21, 2001	\$ 5,992.60	Provide electric service at more than one location	Perpetual
	119672-011	\$ 5,452.00	\$ 127.21	October 13, 1999	\$ 854.28	Electric service to operate a single phase 100 KVA welder	Perpetual
	196196-002	\$ 48,906.00	\$ 1,141.14	January 18, 2001	\$ 1,526.56	Electric service at the Mason County Vocational School to operate a total of 375 KVA of three	Perpetual
	360438-020	\$ 24,163.00	\$ 563.80	September 24, 1999	\$ 13,693.68	Electric service for the operation of plastic molding	Perpetual
	099557-001	\$ 34,406.17	\$ 802.81	October 22, 2002	\$ 6,765.64	Additional electric service for the use in operating a Bleeder Fan	Perpetual
	218642-010	\$ 3,815.00	\$ 89.02	August 7, 2002	\$ 9,633.73	Additional electric service at more than one location on its property for use in operating a glass plant.	Perpetual
	370266-001	\$ 945,191.00	\$ 22,054.46	March 1, 2001	\$ 1,068.20	To provide electric service at more than one location on its property for use in operating a plastic film plant	Perpetual
	369607-010	\$ 1,000.00	\$ 23.33	January 30, 1996	\$ 264,653.48	To provide electric service for the operation of radiation Therapy practice	Perpetual
	413465-010	\$ 32,324.00	\$ 149.10	January 15, 2002	\$ 280.00	23.33 To provide electric service for the operation of radiation Therapy practice	Perpetual
	504793-001	\$ 2,451.00	\$ 57.19	January 1, 1998	\$ 9,050.72	23.33 Additional electric service for the operation of industrial plant	Perpetual
	469943-002	\$ 65,718.00	\$ 1,533.42	December 28, 1998	\$ 686.28	Electric service for the operation of 710 KVA of welding machinery	Perpetual
	469943-002	\$ 45,901.97	\$ 1,071.05	October 29, 2002	\$ 18,401.04	Additional electric service	Perpetual
	193010-001	\$ 43,019.00	\$ 1,003.78	December 22, 1998	\$ 12,045.32	Additional electric service	Perpetual
	193010-001	\$ 12,828.00	\$ 299.32	December 2, 1998	\$ 1,003.78	Electric Service at more than one location	Perpetual
	234924-010	\$ 38,057.00	\$ 888.00	March 14, 1986	\$ 3,591.84	Electric Service at more than one location	Perpetual
	535375-001	\$ 3,276.59	\$ 76.45	March 17, 1999	\$ 917.45	Electric service at more than one location to operate VA Medical Center, Veterans Hospital	Perpetual
	113672-010	\$ 10,932.00	\$ 255.08	May 31, 2001	\$ 3,060.96	Electric Service at more than one location for use in operating a feed mill	Perpetual
	440524-001	\$ 68,200.00	\$ 1,592.00	May 23, 1996	\$ 19,096.00	Electric Service at more than one location for use in operating manufacturing plant	Perpetual
	469822-001	\$ 32,028.91	\$ 747.29	December 6, 1993	\$ 8,967.53	Electric Service at more than one location	Perpetual
	525431-001	\$ 400,000.00	\$ 9,333.33	April 21, 1997	\$ 112,000.00	Electric Service to operate a hot-forming facility	Perpetual
	385081-010	\$ 1,700.00	\$ 39.67	June 24, 1986	\$ 476.00	Electric service to operate & maintain welding load	Perpetual
	255115-011	\$ 342.00	\$ 7.98	October 11, 1985	\$ 95.76	Electric service to operate 39 KVA of single phase welding	Perpetual
	339987-001	\$ 98,945.98	\$ 2,332.07	August 25, 2003	\$ 27,984.87	Electric service at more than one location on property	Perpetual
	289312-020	\$ 14,884.52	\$ 347.31	December 5, 1994	\$ 4,167.67	Electric service to operate manufacturing plant	Perpetual
	462695-002	\$ 9,074.46	\$ 211.74	June 6, 1994	\$ 2,540.85	Electric service at more than one location for use in operating asphalt plant	Perpetual
	271015-010	\$ 11,966.20	\$ 1,561.25	January 27, 2003	\$ 279.21	Electric service to operate 2250 KVA of welding	Perpetual
	464080-001	\$ 10,683.00	\$ 249.27	April 18, 1989	\$ 2,991.24	Electric service in excess to operate a test facility for large motors	Perpetual
	219766-010	\$ 262.95	\$ 6.14	January 8, 1970	\$ 73.63	For use in serving a Custom Outdoor Light	Perpetual
	195686-010	\$ 27,692.00	\$ 646.15	March 28, 1989	\$ 7,553.76	To provide electrical service at more than one location on its property for use in its manufacturing operations	Perpetual
	433240-004	\$ 23,941.89	\$ 558.64	November 6, 1998	\$ 6,703.73	To provide electrical service at more than one location on its property for use in its manufacturing operations	Perpetual
	502215-001	\$ 29,656.00	\$ 691.97	September 9, 1996	\$ 8,303.68	Electric service at more than one location on property	Perpetual
	210674-010	\$ 9,394.00	\$ 219.19	October 27, 1994	\$ 2,630.32	191.19 Alternate service to a sewer lift station	Perpetual
	463405-001	\$ 30,000.00	\$ 700.00	April 9, 1996	\$ 8,400.00	Additional transformer capacity for a 3500 HP electric motor	Perpetual
	252924-010	\$ 25,397.00	\$ 552.60	October 10, 1974	\$ 7,111.16	552.60 5000 KVA 67/4.38 KV transformer for operating a public university	Perpetual
	379684-010	\$ 5,191.00	\$ 121.12	June 24, 1987	\$ 1,453.48	121.12 150 KVA electric service to operate welding load	Perpetual
	407632-001	\$ 30,872.00	\$ 720.35	February 28, 1988	\$ 8,644.16	720.35 2500 KVA electric service for manufacture of products	Perpetual
	403755-010	\$ 5,204.00	\$ 121.43	December 26, 1980	\$ 1,457.12	Electric Service at more than one location	Perpetual
	532225-002	\$ 171,564.80	\$ 4,003.18	January 1, 2003	\$ 48,038.14	4,003.18 Electric service at more than one location on its property	Perpetual
	37240-042	\$ 3,900.00	\$ 91.00	December 27, 1993	\$ 1,092.00	Transformer upgrade to 750 KVA	Perpetual
	540759-001	\$ 98,327.00	\$ 2,294.30	February 26, 1998	\$ 27,531.96	To provide electrical service at more than one location on its property for use in its manufacturing operations	Perpetual
	489026-001	\$ 6,849.00	\$ 159.81	May 2, 1991	\$ 1,917.72	To provide electrical service at more than one location on its property for use in its manufacturing operations	Perpetual
	230367-010	\$ 236,936.31	\$ 5,575.18	November 8, 1999	\$ 66,902.17	To provide electrical service at more than one location on its property for use in its manufacturing operations	Perpetual
	036480-020	\$ 46,545.26	\$ 1,086.06	February 4, 2002	\$ 13,032.67	To provide electrical service at more than one location on its property for use in its manufacturing operations	Perpetual

Kentucky Utilities Company
 Lease Payments

Customer Name	Account	Original Cost of Plant:	Payment Amount:	Date of Initial Payment:	Annual Amount	Plant Description	Term
	179638-020	\$ 22,142.00	\$ 516.65	October 19, 1995	\$ 6,199.76	To provide electrical service at more than one location on its property for use in its manufacturing operations	Perpetual
	307901-010	\$ 7,631.00	\$ 178.05	August 30, 1995	\$ 2,136.68	Capacitor bank	Perpetual
	458831-001	\$ 5,370.00	\$ 125.30	April 18, 2001	\$ 1,503.60	capacitor bank and associated equipment	Perpetual
	438935-001	\$ 2,370.00	\$ 55.30	January 5, 1988	\$ 663.60	Install 225 Kva service for stud welding gun	Perpetual
	523982-001	\$ 58,889.00	\$ 1,374.00	October 1, 1999	\$ 16,488.92	Install capacitors and transformers to improve power quality.	Perpetual
		<u>\$ 3,271,728.35</u>	<u>\$ 77,017.72</u>		<u>\$ 916,083.94</u>		<u>\$ 76,340.37</u>

Annual Lease Payments for Lighting Equipment (in FERC 454)	\$ 623,288.9
Applicable Annual Facilities Charge	28%
Plant in Service Covered by Lease Payments	2,226,031.71